

Revocation of designation means the process by which the Secretary may revoke the designation of an urban area as an Empowerment Zone. (See subpart E of this part.)

State means any State of the United States.

Urban area means:

(1) An area that lies inside a Metropolitan Statistical Area (MSA), as designated by the Office of Management and Budget; or

(2) An area outside an MSA if the jurisdiction of the nominating local government documents:

(i) The urban character of the area, or

(ii) The link between the area and the proposed area in the MSA.

§ 598.4 Period of designation.

The designation of an urban area as an Empowerment Zone will remain in full effect during the period beginning on the date of designation and ending on the earliest of:

(a) The close of the tenth calendar year beginning on the date of designation;

(b) The termination date designated by the State and local Governments in their application for nomination; or

(c) The date the Secretary modifies or revokes the designation.

Subpart B—Eligibility Requirements

§ 598.100 Eligibility requirements.

A nominated urban area is eligible for designation in accordance with this part only if the area:

(a) Has a maximum population that is the lesser of:

(1) 200,000; or

(2) The greater of 50,000 or ten percent of the population of the most populous city located within the nominated area;

(b) Is one of pervasive poverty, unemployment and general distress, as described in § 598.110;

(c) Does not exceed twenty square miles in total land area, excluding up to three noncontiguous developable sites that are exempt from the poverty criteria;

(d) Has a continuous boundary, or consists of not more than three noncontiguous parcels meeting the poverty

criteria, and not more than three noncontiguous developable sites exempt under § 598.115(c)(1) from the poverty rate criteria;

(e) Is located entirely within the jurisdiction of the unit or units of general local government making the nomination, and is located in no more than two contiguous States; and

(f) Does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the poverty rate for each census tract in the district is not less than 35 percent.

§ 598.105 Data used for eligibility determinations.

(a) *Source of data.* The data to be used in determining the eligibility of an area is from the 1990 Decennial Census, and from information published by the Bureau of the Census and the Bureau of Labor Statistics. Specific information on appropriate data to be submitted will be provided in the application.

(b) *Use of statistics on boundaries.* The boundary of an urban area nominated for designation as an Empowerment Zone must coincide with the boundaries of census tracts, as defined in § 598.3.

§ 598.110 Tests of pervasive poverty, unemployment and general distress.

(a) *Pervasive poverty.* Pervasive poverty is demonstrated by evidence that:

(1) Poverty, as indicated by the number of persons listed as being in poverty in the 1990 Decennial Census, is widespread throughout the nominated area; or

(2) Poverty, as described above, has become entrenched or intractable over time (through comparison of 1980 and 1990 census data or other relevant evidence).

(b) *Unemployment.* Unemployment is demonstrated by:

(1) The most recent data available indicating that the annual rate of unemployment for the nominated area is not less than the national annual average rate of unemployment; or

(2) Evidence of especially severe economic conditions, such as military

base or plant closings or other conditions that have brought about significant job dislocation within the nominated area.

(c) *General distress.* General distress is evidenced by describing adverse conditions within the nominated urban area other than those of pervasive poverty and unemployment. Below average or decline in per capita income, earnings per worker, number of persons on welfare, per capita property tax base, average years of school completed, substantial population decline, and a high or rising incidence of crime, narcotics use, homelessness, high incidence of AIDS, abandoned housing, deteriorated infrastructure, school dropouts, teen pregnancy, incidence of domestic violence, incidence of certain health conditions and illiteracy are examples of appropriate indicators of general distress.

§ 598.115 Poverty rate.

(a) *General.* In order to be eligible for designation, an area's poverty rate must satisfy the following criteria:

(1) In each census tract within a nominated urban area, the poverty rate must be not less than 20 percent; and

(2) For at least 90 percent of the census tracts within the nominated urban area, the poverty rate must be not less than 25 percent.

(b) *Special rules relating to the determination of poverty rate—(1) Census tracts with populations of less than 2,000.* A census tract that has a population of less than 2,000 is treated as having a poverty rate that meets the requirements of paragraphs (a)(1) and (a)(2) of this section if more than 75 percent of the tract is zoned for commercial or industrial use, and the tract is contiguous to one or more other census tracts that have an actual poverty rate of not less than 25 percent.

(2) *Rounding up of percentages.* In making the calculations required by this section, the Secretary will round all fractional percentages of one-half percent or more up to the next highest whole percentage figure.

(c) *Noncontiguous parcels.* (1) Noncontiguous parcels that are developable sites are exempt from the poverty rate criteria of paragraph (a) of this

section, for up to three developable sites.

(2) The total area of the noncontiguous parcels that are developable sites exempt from the poverty rate criteria of paragraph (a) of this section must not exceed 2,000 acres.

(3) A nominated urban area must not contain a noncontiguous parcel unless such parcel separately meets the criteria set forth at paragraphs (a)(1) and (2) of this section, except for up to three developable sites.

(4) There must not be more than three noncontiguous parcels, except that up to three developable sites are not included in this limit.

Subpart C—Nomination Procedure

§ 598.200 Who nominates an area for designation?

Applicants for empowerment zone designation must be nominated by the State or States and one or more local government(s) in which the area is located, except as provided in §§ 598.500, 598.510, and 598.515. The nomination must be submitted in a form to be prescribed by HUD in the application and in the document announcing the initiation of the designation process, and must contain complete and accurate information.

(Approved by the Office of Management and Budget under Control Number 2506-0148)

[63 FR 19155, Apr. 16, 1998, as amended at 63 FR 53262, Oct. 2, 1998]

§ 598.205 What are the requirements for nomination?

(a) *General.* No urban area may be considered for designation in accordance with subpart D of this part unless:

(1) The urban area is within the jurisdiction of a State or States and local government(s) that have the authority to nominate the urban area for designation and that provide written assurances satisfactory to the Secretary that the strategic plan described in § 598.215 will be implemented, and these governments submit its nomination;

(2) All information furnished by the nominating State(s) and local government(s) is determined by the Secretary to be reasonably accurate; and